



Sun Capital Partners, Inc. is a leading private investment firm focused on leveraged buyouts of market leading companies that can benefit from our in-house operating professionals and experience. Sun Capital invests in companies typically with the number one or two market position in their industry, long-term competitive advantages and significant barriers to entry. Sun Capital has invested in approximately 30 companies during the past several years with combined sales in excess of \$2.0 billion.

Industries targeted for investment are broad and diverse, with no particular industry excluded from consideration. Investments have included companies in the following industries: paper and packaging, filmed entertainment, automotive after-market parts, financial services, healthcare, media and communications, outdoor advertising, building products, wireless communications, industrial and decorative mirrors, computer and workstation peripherals, among others.

New investments are being made through Sun Capital Partners II, LP, a \$200 million fund raised in April 2001. Participating in our fund are leading fund-of-funds investors, university endowments, pension funds, financial institutions and high net worth individuals, families and trusts.

Sun Capital's senior and subordinated financing partners have included some of the largest and best known banks and mezzanine lenders including JP Morgan Chase, Bank One, FleetBoston, CIT, Deutsche Bank, Key Bank, LaSalle Bank, Ableco, Congress, Foothill, Midwest Mezzanine, Met Life and Equinox. Sun Capital's strong financing relationships and track record have enabled the Firm to close 100% of its transactions under agreement.



## LEVERAGED BUYOUTS

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Sun Capital's offices in Boca Raton, FL

## OVERVIEW

Sun Capital focuses on market leaders with \$50-\$500 million in sales across a wide spectrum of industries. Appropriate acquisition targets may include private businesses, divisions of larger companies and publicly-traded companies. Sun Capital also has acquired businesses from bank workout groups, Chapter 11 proceedings and other private investment firms.

Most Sun Capital professionals have business operating experience, and many are full time operators. Sun Capital's operating professionals have extensive experience in manufacturing, foreign sourcing, sales, marketing, brand management, accounting, tax, management information systems, corporate and securities law, and general business management. Consequently, Sun Capital is uniquely positioned to pursue leveraged buyouts with or without management, as well as under performers, turnarounds and complex situations.

## ACQUISITION CRITERIA

- Sales of \$50-\$500 million
- Strong market position or franchise value
- Under performers, turnarounds and complex situations
- Privately held businesses, companies in bankruptcy, subsidiaries of larger

- With or without management

## TESTIMONIALS

"We couldn't have asked for better partners. Sales have tripled since we teamed up together and Sun was instrumental in helping us grow through acquisitions. Also, right after closing, they helped us dramatically cut overhead when the market sharply turned down."

Neal Henschel  
President  
NLC Financial Services, LLC

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"Labtec was a small investment in which we had partnered with another private equity firm. Its financial performance was erratic and actually declining when Sun Capital acquired control. While the transaction with Sun Capital was predominantly cash, we and the other selling shareholders did maintain a stake of less than 15% in the Company. This small stake ultimately became the catalyst to more than double our IRR on the original deal."

Kevin Wilcox  
Managing Director, Head of M&A  
Stephens Inc.

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"Nailite was one of our smallest investments in a legacy portfolio. It had significant operating problems and we sought a buyer for the business who had the expertise to turn the business around. We executed a transaction with Sun in which we retained a residual equity position. Under Sun's control, Nailite doubled its sales and profits tripled thus achieving a return on our original investment."

Iain Leigh  
Former Managing Investment Partner  
Dresdner Kleinwort Benson Private Equity Group

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"Sun Capital wasn't familiar with the Corvette catalog business before they met us, but they sure understood good business. They allowed us to do some of the things we had long wanted to do under different ownership, but weren't permitted to do. Also, they helped us with foreign sourcing and encouraged our exit from an unprofitable business line. Further, we upgraded our management information systems, Internet presence and facilities. And profits have doubled."

Ed Mills  
President

## SENIOR PROFESSIONAL STAFF AND OPERATING TEAM



**Rodger R. Krouse**, Co-founder and Managing Director, has been engaged in leveraged buyouts and investment banking for more than years, as co-founder of Sun Capital, and previously as a Senior Vice President of Lehman Brothers in New York. Mr. Krouse has been involved in all Sun Capital investments and has been instrumental in managing Sun Capital's portfolio companies. Mr. Krouse also worked a family business throughout high school and college. Mr. Krouse received a Bachelor of Science in Economics from The Wharton School of Business of the University of Pennsylvania.



**Marc J. Leder**, Co-founder and Managing Director, has been engaged in leveraged buyouts and investment banking for more than 15 years, a co-founder of Sun Capital, and previously as a Senior Vice President of Lehman Brothers in New York. Mr. Leder has been actively involved in all of Sun Capital's investments, as well as in managing its portfolio companies. Mr. Leder also started, managed and sold a direct mark business, and worked for a real estate development, banking and trading company. Mr. Leder received a Bachelor of Science in Economics from The Wharton School of Business of the University of Pennsylvania.



**Clarence E. (Bud) Terry**, Managing Director, has more than 29 years of operating experience at Rain Bird Sprinkler Manufacturing, Inc., the largest manufacturer of irrigation products in the world, and at Sun Capital. Mr. Terry has been responsible for all areas of operations including manufacturing, foreign sourcing, sales and marketing, general management. Mr. Terry has served as CEO on an interim basis for the following Sun Capital portfolio companies: Eckler Industries, Carolina Mirror Company, LLC and JTec Communications, Inc.



**Jeffrey M. Anapolsky**, Vice President, has a background in restructuring, mergers and acquisitions, law, and business development. Prior to joining Sun Capital, Mr. Anapolsky was a Principal at Sun Capital. Previously, he worked in Corporate Restructuring at Wasser Perella and in Corporate Finance at Bear Stearns. He has worked with a variety of businesses, including home improvement retailers, clothing manufacturers, financial institutions, telecommunications providers, and Internet ventures. Mr. Anapolsky earned an MBA from Harvard Business School, JD from Harvard Law School, BS from The Wharton School of Business and BA from the University of Pennsylvania.



**Kevin J. Calhoun**, Vice President, has 18 years of experience in operations, management information systems and accounting and finance. Prior to joining Sun Capital, he served as Corporate Controller, subsequently as Chief Financial Officer of a publicly held technology company, and was the Controller for a privately owned distribution business. Mr. Calhoun also worked at Ernst & Young for ten years, recently as a Senior Manager. Mr. Calhoun served as CFO of a Capital portfolio company and assisted in the implementation of management information systems for several others.



**C. Deryl Couch**, Vice President and General Counsel, has been a corporate, securities and tax attorney since 1987. Prior to joining Sun Capital, Mr. Couch served as a Senior Vice President and General Counsel of a NYSE specialty finance company, where he was responsible for all legal matters including general corporate transactional matters, mergers and acquisitions and SEC reporting obligations. From 1987 through 1998, Mr. Couch practiced law at Debevoise & Plimpton in New York and at Greenberg Traurig in Florida, most recently as a partner.



**Michael H. Kalb**, Vice President, has extensive mergers and acquisitions experience, having been involved in more than 50 successful transactions in excess of \$4.0 billion in aggregate value. Prior to joining Sun Capital, Mr. Kalb worked at Goldsmith, Agio, Helms Company, a middle market investment bank. Thereafter, Mr. Kalb was involved in numerous acquisitions and in the initial public offering of a NYSE specialty finance company.



**M. Steven Liff**, Vice President, has extensive turnaround financing and leveraged buyout experience. Mr. Liff has been involved in more than 30 transactions, totaling in excess of \$2 billion in gross leveraged finance. Prior to joining Sun Capital, Mr. Liff spent six years at Bank of America Commercial Finance, most recently as Senior Marketing Executive, focusing on marketing, underwriting and closing new leveraged transactions.



**Jason H. Neimark**, Vice President, is an experienced leveraged buyout financial investor and turnaround operating professional. Prior to joining Sun Capital, Mr. Neimark was a Principal of Midwest Mezzanine Fund, which provides junior capital to middle market businesses. Mr. Neimark has served on the boards of several Midwest Mezzanine portfolio companies including one controlled by Sun Capital. Thereafter, Neimark led a financial and operational turnaround as the President of a national direct marketer and specialty distributor of optical products. Neimark is a CPA and worked as a tax consultant and auditor for KPMG.

## FOUNDERS

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Peat Marwick.



**David L. Kreilein**, Vice President, has an extensive background in turnarounds and restructurings. Mr. Kreilein's experience spans a variety of industries including retailing, manufacturing, and service companies serving as Chief Financial Officer of various privately owned companies ranging in size from \$15 million to \$250 million in revenue. His skills include over 20 years of international operations, mergers and acquisitions, raising capital as well as overseeing information services, accounting, treasury and tax. Mr. Kreilein is a CPA and began his career with Arthur Andersen & Co. where he provided auditing and improvement services to a variety of clients.

**Sterling L. (Skip) Prusia**, Vice President and International Operations Manager, has more than 24 years of operating experience at Rain Sprinkler Manufacturing, Inc., the largest manufacturer of irrigation products in the world, and at Sun Capital. At Rain Bird, Mr. Prusia was responsible for all areas of operations, including manufacturing, for sourcing, sales and marketing, and general management. Mr. Prusia implemented maquiladoras and assisted in foreign sourcing for several Sun Capital portfolio companies.



**Michael Fieldstone**, Associate, worked at Apollo Management, specializing in leveraged buyouts, distressed debt investments and related financing transactions. Prior to that time, Mr. Fieldstone was employed by Salomon Smith Barney in its Mergers & Acquisitions group. Mr. Fieldstone graduated Cum Laude, with a BS in Economics from the Wharton School of the University of Pennsylvania.



**Matthew Garff**, Associate, worked for the Carlyle Group, with Carlisle Capital, a real estate fund. Prior to Carlyle, Mr. Garff worked for KSL Fairways, a golf course roll-up that had been acquired by Kohlberg Kravis Roberts & Co. Mr. Garff spent much of his time analyzing and identifying acquisition opportunities in the golf course industry. Mr. Garff has an MBA, with a concentration in finance, from the University of Chicago's Booth Graduate School of Business; and he received his BS from the University of Utah.



**Luis F. Henriquez**, Associate, has ten years experience in operations and general management. At Bacardi-Martini, Mr. Henriquez worked as the US Marketing Manager for Dewars Scotch and Bombay. Previously, he worked at Disna S.A., a leading regional distributor, managing brands such as Pillsbury, Reckitt & Colman, Heineken, Heinz and Seagrams for the area. Mr. Henriquez graduated Summa Cum Laude with a MBA from the University of Miami and received his BS in Finance from Babson College.

FOUNDERS

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**Mayank Singh**, Associate, spent two years as a financial analyst at Bowles Hollowell Conner, an Investment Bank focused on mergers and acquisitions. Mr. Singh graduated magna cum laude from Colgate University in 1998. He is also a member of Phi Beta Kappa.

**Joe Politoski, Associate and Controller**

**Janine Cox, Corporate Paralegal**

**Nicole Gambino, Administrative Assistant**

**Laura Myers, Accounts Payable and Treasury**

**Jackie Myers, Executive Assistant**

**Danijela Jovanovich, Receptionist**

## Sun Capital Finds Profit In Others' Failures

by Jeff Ostrowski

The Palm Beach Post, August 5, 2001



International Paper considered its Hamilton, Ohio, plant a \$30 million-a-year cash drain and planned to close it.

But Marc Leder saw the 107-year-old paper mill as a turnaround opportunity. So Leder's private investment firm, Sun Capital Partners, bought the mill in February, saving 640 jobs.

The plant is one of more than two dozen companies in the portfolio of Sun Capital, based near Boca Raton, and it offers a glimpse into the high-stakes financial world where Sun Capital operates, a place where hundreds of jobs and millions of dollars can hinge on the firm's success at righting ailing companies.

Under Stamford, Conn.-based International Paper, the Ohio plant lost \$30 million last year. It competes in an industry that is wracked by overcapacity and foreign competition. Production of paper outpaces supply; the strong dollar makes imported paper cheap; and layoffs have been rampant at U.S. paper mills.

Leder recognized those problems, but he also saw a plant where waste and bad business decisions could be squeezed out, making room for profit. The mill was known for its high-end paper, including labels for Jim Beam, Jack Daniels, Bacardi and Johnnie Walker liquor bottles.

The mill sold some products at a loss, and it spent lavishly to entertain clients, squiring them to Cincinnati Reds baseball games or flying executives first-class to New York City for expensive wining and dining.

The plant's prospects were so dismal that Sun Capital was the only bidder.

"If we hadn't bought it, International Paper was going to close the mill down and fire everyone," Leder said.

Leder wouldn't say how much his firm paid for the mill, and International Paper hasn't reported the sale price in its public filings.

International Paper closed the plant in February and laid off the mill's 800 workers. Sun Capital renamed the plant Smart Papers and opened a few days later, rehiring 550 workers at wages that were 25 percent lower than their previous pay.

Smart Papers didn't just cut wages, which were as much as \$20 an hour under International Paper. Some of the plant's labels and other products cost more to make than customers paid for them. So Sun Capital gave buyers an ultimatum: Pay more or find another supplier.

Smart Papers also canceled the Reds tickets and cut travel expenses - sales and marketing employees fly coach instead of first class. Every check must be approved by the plant's chief operating officer. Tight oversight is key in the turnaround business, Leder says.

"We build great relationships with management - but it's our money," he says.

As a result of the changes at the Ohio plant, Leder expects Smart Papers to break even this year.

Being picky pays off

Sun Capital saved jobs that are crucial to Hamilton's economy, said Mel Less, president of the Greater Hamilton Chamber of Commerce. But not everyone has been overjoyed about Sun Capital's role, he said. Some workers were laid off, and Sun Capital negotiated a contract with the mill's union that cut pay.

"Some people don't think that making a profit is that important," Less said. "They think running the mill should be a community service. But what would you rather have - 550 employees making less money than they were or no employees?"

Officials of the plant's union, Local 1967 of the Paper, Allied- Industrial, Chemical and Energy Workers, couldn't be reached for comment.

There's nothing mysterious about the steps Sun Capital took, Leder said. International Paper could have made the same changes.

But International Paper, which took on the plant after it bought Champion Paper last year, had promised Wall Street that it would sell assets, and a small Ohio plant wasn't worth a huge firm's effort.

"It was a corporate orphan," Leder said. "International Paper could have fixed the business they bought. But they've got a \$25 billion company to run."

Sun Capital specializes in companies that are orphans or otherwise ignored and troubled.

Leder started the firm in 1995 with Rodger Krouse. Both are 39, and both are former senior vice presidents at Lehman Brothers in New York.

Weary of the long administrative meetings top managers must endure at a big investment bank, and yearning to make their own deals, the two moved to Palm Beach County to start a buyout firm. Leder and Krouse soon learned that a booming economy and a hot stock market had boosted price tags for successful companies.

Sun Capital moved into the turnaround niche because there was less competition for struggling companies. In one of its earliest deals, Sun Capital paid \$40 million for Labtec, a Portland, Ore.-based maker of computer speakers, headphones, microphones and other peripherals. Lax management meant Labtec's products were slow to come to market, and sales lagged. Sun Capital invested \$4.8 million in Labtec and took on \$40 million in debt.

Sun Capital goosed Labtec's product development and sales so much that in March Swiss firm Logitech paid \$125 million for the firm. After paying off loans, Sun Capital made \$40 million for its 50 percent stake in Labtec, more than eight times its initial investment of \$4.8 million.

Such successes have brought big name investors to Sun Capital. Goldman Sachs, the DuPont pension fund, the Yale University pension fund, the University of Notre Dame's pension fund, CIT Group and 80 others have invested in Sun Capital, which in May finished

raising \$200 million for deals.

"They've got a really good list of investors, which is kind of a litmus test," said Peter Brockway, a managing partner of Brockway Moran, another Boca Raton investment fund.

Since Leder and Krouse started the firm in a modest office suite with no other employees, Sun Capital has grown to 20 employees. The fund invests in only two of every 100 companies that are brought to its attention.

When Rose Auto Supply of Hialeah filed for bankruptcy in 1997, Sun Capital looked at the retailer and took a pass. Why try to compete in a niche already dominated by Discount Auto Parts and AutoZone?

Such pickiness means Sun Capital never has lost money on a deal, Leder says. He says the fund's internal rate of return, a common measure of profitability, is 100 percent.

Quick decisions crucial

One of Sun Capital's latest deals gives it control of Catalina Lighting, a Miami Lakes maker of lamps and yard lights.

Despite a reputation for quality products, Catalina isn't well-regarded by investors. Catalina paid \$33 million for a British company last year, just as a slowing economy hurt sales, and the Nasdaq delisted its stock.

"They leveraged up right when their business started to do poorly," Leder said.

Sun Capital last month invested \$11.8 million in Catalina. The firm agreed to the deal early this year, only a few months after Catalina's struggles became serious.

In the turnaround business, he says, speedy decisions are key.

"You need to be enormously decisive," Leder said. "If you don't get a deal done quickly, there's nothing left to buy."

**SMART PAPERS LLC**

January 8, 2001

Dear Employee of the Hamilton B Street Mill:

This is to inform you that our company, Smart Papers LLC, has signed an agreement with Champion International, a subsidiary of International Paper Company, to purchase substantially all the assets of the Hamilton Mill. If the asset sale is concluded as contemplated, Smart Papers intends to establish new terms and conditions of employment and operate the Mill if feasible.

If you wish to be considered for employment by Smart Papers, please fill out the attached four forms: (1) application for employment, (2) authorization/release, (3) consent to drug screening, and (4) investigative consumer report disclosure notice and authorization form. Please follow the Application Instructions for submitting your application to Smart Papers. Your properly completed application must be received by Smart Papers no later than Monday, January 15<sup>th</sup> at 5:00PM EST.

Smart Papers objective is to operate the Hamilton Mill profitably and to develop a mutually beneficial relationship with its future employees. We welcome your application to join us.

Sincerely,

Clarence (Bud) Terry  
Chief Executive Officer

Enclosures



620101

February 9, 2001

James S. Brooks  
302-46-3714

Dear James S. Brooks

Thank you for your application for employment with Smart Paper LLC. Unfortunately we will not be offering you a position with the company at this time.

We appreciate the time you took to apply and interview with us. We wish you the best of luck in your job search.

Sincerely,

Clarence (Bud) Terry  
Chief Executive Officer



370062

February 9, 2001

Mendol Cleve Eaton  
288-48-4499

Dear Mendol Cleve Eaton

Thank you for your application for employment with Smart Paper LLC. Unfortunately we will not be offering you a position with the company at this time.

We appreciate the time you took to apply and interview with us. We wish you the best of luck in your job search.

Sincerely,

Clarence (Bud) Terry  
Chief Executive Officer

460220

February 9, 2001

Larry Wayne McCreary  
411-92-9083

Dear Larry Wayne McCreary

Thank you for your application for employment with Smart Paper LLC. Unfortunately we will not be offering you a position with the company at this time.

We appreciate the time you took to apply and interview with us. We wish you the best of luck in your job search.

Sincerely,

Clarence (Bud) Terry  
Chief Executive Officer

030545

February 9, 2001

John A. Gregory  
289-52-7632

Dear John A. Gregory

Thank you for your application for employment with Smart Paper LLC. Unfortunately we will not be offering you a position with the company at this time.

We appreciate the time you took to apply and interview with us. We wish you the best of luck in your job search.

Sincerely,

Clarence (Bud) Terry  
Chief Executive Officer

49002



Journal  
News 2-11-01

Sun rises over old Champion

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## Sun rises over old Champion mill

By Ken Stammen, Post staff reporter

A Florida company that specializes in turning around struggling companies has agreed to purchase the historic Champion International paper mill on B Street in Hamilton.

Sun Capital Partners of Boca Raton, Fla., plans to purchase the mill from International Paper, which became owner of the 107-year-old mill in June when it acquired Champion.

Terms of the deal were not disclosed.

Sun Capital intends to operate the mill as Smart Papers after the transaction closes around the end of January, but only if it determines that the operation is economically viable, said Sun spokesman M. Steven Liff.

"There are some efficiencies that are going to have to be addressed," he said. "We're going to need the cooperation of the community and our future employees and their representatives."

Liff said labor costs are among the factors Sun will look at and indicated Sun will seek financial incentives from the city of Hamilton, Butler County and the state of Ohio to keep the plant open. "We're going to be looking to them to help ensure the plant, which is historic in Hamilton, remains a viable operation," he said.

The B Street mill is one of Hamilton's largest employers with about 800 workers. International Paper said the sale agreement for the B Street mill will have no effect on IP's mill on Dayton Street, the former Beckett mill. International Paper also is trying to sell that mill.

The B Street mill produces premium quality coated and uncoated papers. Liff said Smart Papers intends to continue producing those papers and hopes to expand the customer base and grow the business.

International Paper said in July that the money-losing B Street mill did not fit into its core business and that it would try to sell the mill. Champion had been trying to sell the mill for about two years.

One of Sun Capital's specialties is purchasing divisions or subsidiaries of large companies that are divesting businesses that don't fit their strategic profile or core strengths.

Sun has invested in other paper and packaging businesses, but none that make the types of papers that B Street does. In 1996, the company bought FryeTech Inc., an Elkhart, Ind. company that makes coated papers and specialty inks.

